



2017

Annual Report

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The Year in Review

After making a positive turnaround in 2016, the company was able to increase the pace of progress and achieve even better results in 2017. The company's revenue from training programs and other activities increased in addition to increase in rental income. This was coupled with the positive social impact created through increased employment opportunities for our youth.

One of the major highlights for 2017 was the fact that the entire commercial space in the IT Park building was leased out. Therefore, recognizing the need for additional space for new investors who may come in the future, TTPL contracted out the construction of the second IT Park building to Construction Development Corporation Ltd. and the ground-breaking (Salang Tendrel) ceremony was held on 20th December 2017.

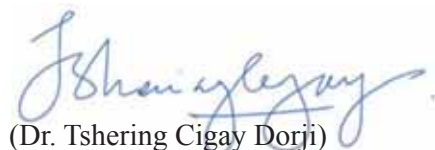
As part of the operation and management of Bhutan Innovation and Technology Centre (BITC), the first business incubation centre in the country, the company conducted the Business Idea Competition of Bhutan, Global Entrepreneurship Week, various seminars and workshops, three Startup Weekends and trained more than 600 youth on entrepreneurship. The BITC is operated and managed by the company under a Design-Build-Operate-Transfer (DBOT) agreement with the Department of IT & Telecom.

Financially, the company achieved 'Profit on Operations Before Tax' of Nu. 17,240,659 as compared to Nu. 5,035,151 for the year 2016. The company is currently under tax holiday. Under the DBOT agreement, TTPL is required to maintain separate accounts for BITC operations and share 50% of the profit. For 2017, BITC operations earned a total income of Nu. 8,769,423.46 and made a profit of Nu. 1,504,256.53, of which 50% will have to be shared with the Department of IT & Telecom.

For 2018, our focus would be ensuring that the construction milestones for the new building are achieved, retaining the trust and confidence of all the existing investors of companies in the existing building, and scouting for new potential investors for tenancy in the new building. The new building's completion deadline is set as 30th June 2019.

Attracting new IT/ITES companies, retaining the companies that are already located at the IT Park and reliability and speed of Internet connectivity remain to be some of the challenges. However, we are optimistic that the positive growth for the company would continue with the support of the shareholders, the Board of Directors and the Royal Government of Bhutan.

Tashi Delek



(Dr. Tshering Cigay Dorji)

Chief Executive Officer

Table of Contents

The Year in Review.....	iii
1. Company Profile.....	1
1.1 Our Vision.....	1
1.2 Our Mission.....	1
1.3 Core Values.....	1
1.4 Organizational Chart.....	2
2. Board of Directors.....	3
3. The Management Team.....	5
4. Directors' Report.....	6
5. Corporate Governance Report.....	9
5.1 Board Directors.....	9
5.2 Board Meetings.....	10
5.3 Board Committee Meetings	11
5.4 Board Remuneration.....	11
5.4.1 Remuneration of Director.....	11
5.4.2 Remuneration of Chief Executive Officer.....	11
5.5 8th Annual General Meeting.....	12
5.6 Risk Management System.....	12
5.7 Corporate Social Responsibility.....	12
5.8 Policies and Practices of CEO and Board Evaluation.....	12
6. Independent Auditors report.....	13

1. Company Profile

Druk Holding and Investments (DHI), Bhutan, and Assetz Property Group (APG), Singapore, signed a joint venture agreement and submitted a Joint Venture bid to Design, Build, Finance, Own, Operate and Transfer (DBFOOT) the IT Park in Babesa, Thimphu under the Public-Private Partnership (PPP) model for the Department of IT and Telecom, MoIC. Subsequently, DHI and APG were awarded the contract vide letter No. DIT/35(12)/2009-10/07 dated 17th July 2009.

Thimphu TechPark Pvt. Ltd (TTPL) was duly incorporated under the Companies Act of the Kingdom of Bhutan 2000 on 24th August 2009 to undertake the IT Park Project as a developer, and the Sharedholders Agreement was signed on 29th August 2009 with DHI holding 26% and APG holding 74% of TTPL. The authorized share capital of the company (Authorized Share Capital) is agreed to be Nu. 500 Million divided into 3 million equity shares of Nu. 100 each and 2 million preference shares of Nu. 100 each.

DHI assumed full ownership of TTPL and changed its name to Thimphu TechPark Limited retaining the same acronym 'TTPL' after APG decided to exit from the partnership and transferred its shares to DHI on 29th October 2014. As a company focused on creating employment opportunities for our youth, it has an overarching social mandate although it has to be financially sustainable too.

1.1 Our Vision

- To be a vibrant Technology Park providing opportunities for innovation and development, and promoting the growth of IT industry in Bhutan.

1.2 Our Mission

- To attract reputed IT/ITES companies from both within Bhutan and around the world to work in a stimulating environment which provides opportunities for technology based collaboration, learning and innovation.
- To create employment opportunities and contribute towards the economic growth of Bhutan.
- To maximize the efficient utilization of assets and increase return on investment for all stakeholders.

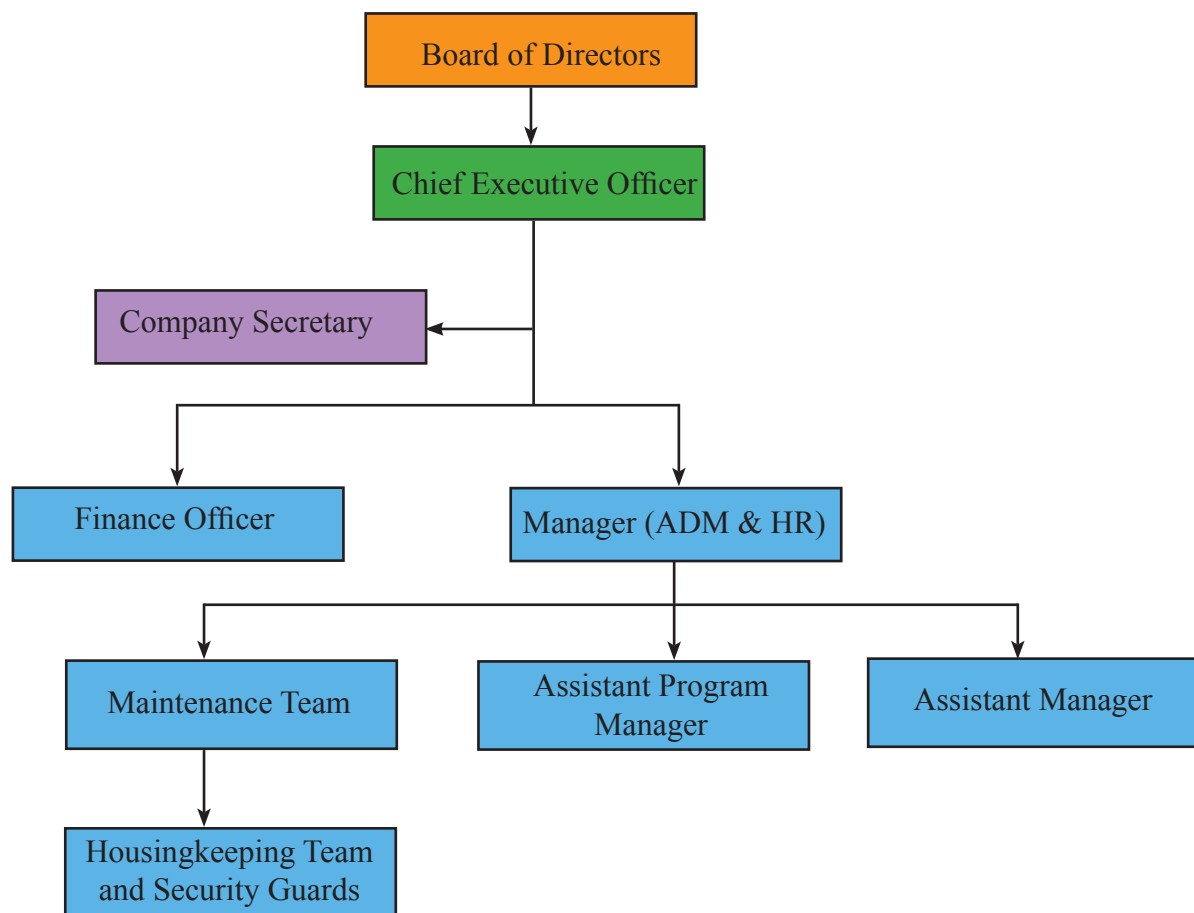
1.3 Core Values

- Integrity
- Reliability
- Open-mindedness
- Consistency
- Efficiency

1.4 Organizational Chart

TTPL functions under the guidance of its shareholder and the Board of Directors.

The Chief Executive Officer is the overall in charge of the management and is directly responsible for the daily functioning of the company. He is accountable to the Board for any support/guidance and important decisions.



Jigme Thinlye Namgyal, Chairman



Mr. Jigme Thinlye Namgyal, Chairman of the Board of Thimphu TechPark Ltd., serves full time as the Director General of Department of IT & Telecom, Ministry of Information and Communications. He served for 18 years in the Department of Civil Registration and Census, Ministry of Home & Cultural Affairs. Then he worked as Project Director for the new citizenship identity card project from 2002-2004. During the first ever Population and Housing Census conducted in 2005, he worked both as Project Manager and Chief Demographer. As the Project Director for G2C Project, an e-Government project of Bhutan, he initiated and automated many services, which reduced turn-around-time benefiting citizens immensely. In 2011, he was selected as the Director of Department of Labour where he brought in many changes and streamlined and decentralized the delivery of services to the Regional Offices. In 2016 he was transferred to the Department of IT & Telecom. Besides undergoing many management and leadership courses, he is a trained demographer.

Dawa Sonam, Board Director



Mr. Dawa Sonam is the IT Head at Druk Holding and Investments (DHI). He started his career as an Engineer at Bhutan Telecom in 2004, and gradually rose to the positions of Manager at DrukNet, and then Head of Billing and International Affairs prior to joining DHI in 2015. He has Masters in Information Technology and Postgraduate Diploma in Internetworking and Security from Murdoch University, Western Australia. He did his Bachelor's degree in Electrical and Electronics Engineering from Madras University, India.

Karma Tshewang, Board Director



Mr. Karma Tshewang is currently working as the Director of Technical Department in Bhutan Telecom. He joined the erstwhile Department of Telecom under Ministry of Communications in 1996 after graduating with a bachelors degree in Electrical Engineering from PennState University, USA. Even after the Department of Telecom was corporatized as Bhutan Telecom Ltd. in July 2000, he has continued to work there in various capacities and has vast experience in the telecom industry. He has been instrumental in developing telecommunication network in the Kingdom of Bhutan, particularly in the extension of telecom services to the rural communities of Bhutan.

Mr. Dorji Khandu, Board Director



Mr. Dorji Khandu received his MBA degree from The Hague University of Applied Sciences in the Netherlands. He started his career as a civil servant in the Department of Revenue and Customs under the Ministry of Finance (MoF). Mr. Dorji joined Druk Holding and Investments after resigning from the civil service. Currently, he is working as Sr. Business Analyst under the Department of Investment in Druk Holding And Investments Limited (DHI) systems.

Tshering Cigay Dorji, Chief Executive Officer/ Board Director



Dr Tshering Cigay Dorji holds a Masters of Management degeree from the University of Canberra, Australia, and Masters and Ph.D in computer engineering (informatics) from the University of Tokushima, Japan. He has about 15 years' combined experience in programming, teaching, information system design, database administration, research and senior level management in the corporate sector. His first degree was B.E. Electrical Engineering (First Class Honours) from the University of Wollongong, Australia, awarded in December 1999. He has previously worked with Bhutan Telecom for several years as system and database administrator, research engineer and head of Billing & International Affairs.

3. The Management Team

The company is managed by a compact team lead by the Chief Executive Officer and three others at officers level. We are supported by 11 support staff (Housekeeping and Security Guards) and two maintenance technicians.



From the left: Tshering Cigay Dorji, Chief Executive Officer, Mrs. Choden, Manager and Company Secretary, Mr. Karma Tshewang, Finance and Accounts Manager, Mrs. Deki Yangdon, Assistant Manager

Tshering Cigay Dorji, Chief Executive Officer

Dr. Tshering Cigay Dorji serves as the Chief Executive Officer. He started his career in the company in January 2012 as the Chief Operating Officer. And from December 2015, he was appointed as Chief Executive Officer of the Company. He holds Ph.D in computer engineering (informatics) from the University of Tokushima, Japan.

Mrs. Choden, Manager and Company Secretary

Mrs. Choden serves as the Manager and Company Secretary. She has joined the company in January 2012. She holds Bachelors degree in Computer Applications from AVS College of Arts and Science, Tamil Nadu, India. She has attended multiple training programs on Leadership, Management and Entrepreneurship within the country and abroad.

Mr. Karma Tshewang, Finance and Accounts Manager

Mr. Karma Tshewang serves as the Finance and Accounts Manager. He joined the company in February 2014. He has a bachelors degree in BBA (Finance) from Gaeddu College of Business Studies.

Mrs. Deki Yangdon, Assistant Manager,

Mrs. Deki Yangdon serves as Assistant Manager. She started joined company in February 2017. She holds bachelor's degree B- COM Finance from Gaeddu College of Business Studies.

4. DIRECTORS' REPORT

THIMPHU TECHPARK LIMITED

THIMPHU ♦ BHUTAN

2017

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE.

1. The Fixed Assets Register is being maintained and updated by the company. As explained to us, the fixed assets have been physically verified during the year but no working sheets/supporting papers regarding such verification were produced before us.
2. Fixed Assets held as Investment Properties have been revalued during the year under audit. These Investment Properties has been revalued on Fair Value as per BAS – 40.
3. The procedure of physical verification of inventories at periodical interval is not applicable to the company.
4. The company has no inventory.
5. The company has availed loan from Bank of Bhutan Ltd. The terms and conditions of the loan are prima facie not prejudicial to the interest of the company. The company has not taken any loan, secured or unsecured from companies, firms and other parties under the same management.
6. The company has not granted any loans secured or unsecured to other companies, firms or other parties and/or to the companies under the same management.
7. No loans and advances other than advances against salary in the regular course of business had been given by the company.
8. The advances granted to Officers/ Staff are in keeping with the policy of the company and no excessive and frequent advances are given.



Financial Performance

The total paid up capital of the Company is Nu. 222,904,500 with DHI holding 59% of the shares and BTL holding the remaining 41%. This includes the capital injection of Nu. 34,520,000 was received from DHI on 5th December 2017. The company has a total borrowing of Nu. 22,400,143 (long term borrowing of Nu. 18,695,790 and the current maturities of long term debt of Nu. 3,704,353) as of 31st December 2017.

The Company achieved 'Profit on Operations Before Tax' of Nu. 17,240,659, which is huge increase compared Nu. 5,035,151 for the year 2016. As the company is under tax holiday, this figure is also the Profit After Tax.

Since the company would require funds for investment in the near and medium term, no dividend declaration is proposed for the year 2017.

Corporate Governance

Guided by the Corporate Governance Code and Ownership Policy of DHI, the overall leadership and strategic direction of the Company is provided by the Board of Directors led by the Chairman. The Board meets regularly to discuss important issues affecting the Company, provide guidance to the management and make important decisions on behalf of the Company. Currently, the Board consists of four Directors including the CEO. In the year 2017, the Board has conducted seven Board Meetings. The total remuneration paid to CEO and the Manager/Company Secretary, and the Board Directors' sitting fees in the year 2017 totalled Nu. 2,565,860.00.

Compliance

The company tries its best to ensure that it is compliant with all the laws and regulations of the country to the best of its knowledge. We have adopted a legal compliance framework which has been prepared using the DHI Legal Compliance Framework 2013. The framework can be used as a guide to ensure that the regulatory and internal policy requirements are adhered to by the company in decision-making, policy formulation, and business transactions.

Corporate Social Responsibility

The Company has a strong social mandate of creating employment opportunities for the youth of the country besides its commercial mandates. So far, the Company has been able to create employment opportunities for over 700 youths at the IT Park excluding the self-employment opportunities created through entrepreneurship trainings and incubation centre. The Company actively engages in supporting entrepreneurship development in the country as part of its activities for Bhutan Innovation and Technology Centre. The Company organizes the annual Business Idea Competition of Bhutan and various short-term trainings for Bhutanese entrepreneurs. The Company has also provided Nu. 201,100 in donations and contributions towards social causes in the year 2017.

Challenges

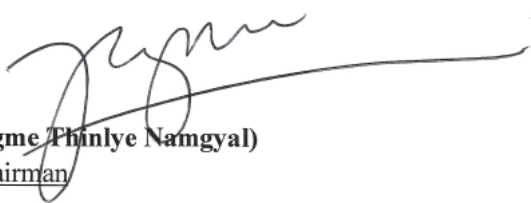
The Company faces the challenge of attracting new IT/ITES companies to come and locate at the IT Park and retaining the trust and confidence of the companies that are already located at the IT Park. Attracting foreign companies to Bhutan is challenging and takes a long time to get a company to make the decision to move part of their operations to Bhutan. Overall, this is part of the bigger challenge that Bhutan faces in promoting itself as an attractive investment destination for foreign investors. In addition, the IT Park also faces the challenge of being located at a distance from the centre of the city that is not very convenient for the tenants. In addition, the reliability of Internet connectivity is also poses a challenge for the tenants sometimes. Despite these challenges, with the guidance of our Board and our Shareholders and the support from all the stakeholders, we have been able to make some significant progress in 2017.

Outlook for 2018

The company expects to perform well in the next financial year, while being cognizant of the challenges of retaining some of the existing tenants and attracting new investors as tenants of the IT Park. Additionally, the company would rely on trainings as one of the major sources of revenue in the coming year too, and also explore new business expansion opportunities. Besides these, the company would also have to focus on monitoring the construction of the new IT Park building to ensure that the expected milestones and quality requirements are met by the contractor.

Acknowledgement

The Company would like to acknowledge with thanks the invaluable support and guidance received from Druk Holding and Investments, Bhutan Telecom Limited, the Board Directors, the tenant companies, the Department of IT & Telecom, the Ministry of Information and Communications, and the Royal Government of Bhutan.


Jigme Phinlye Namgyal
Chairman



5. Corporate Governance Report

Thimphu TechPark Limited has complied with the requirements of the Companies Act of Bhutan 2016, Corporate Governance Code and Ownership Policy of Druk Holding & Investments Limited (DHI) and other statutory requirements.

5.1 Board Directors

Thimphu Techpark had 5 board of directors in year 2017, Mr. Dawa Sonam resigned from directorship on 9th August and he was replaced by Mr. Dorji Khandu. The details of directors are shown in the table below:

Name	Position in Board	Organization	Date of Appointment	Status
Jigme Thinlye Namgyal	Chairman	Director General, DITT, MOIC	March 2016	Currently on the board
Dawa Sonam	Director	IT head, DHI	March 2016	Resigned 9th August 2017
Tshering Cigay Dorji	CEO/ Director	TTPL CEO	November 2014	Currently on the board
Karma Tshe-wang	Director	Director, BTL	4th March 2017	Currently on the board
Dorji Khandu	Additional Director	Sr. Analyst, DHI	14th July 2017	Currently on the board

5.2 Board Meetings

A total of seven Board meetings were conducted in the year 2017. The quorum requirements and the gaps between the meetings were maintained in accordance with the Companies Act of Bhutan 2016 and DHI Corporate Governance Code. Dates of the Board Meetings along with attendance are shown in the table below:

Date	Board Meeting No.	Board Members Present
11th January	34th Board Meeting	Jigme Thinley Namgyal, - Chairman Dawa Sonam, Director Karma Tshewang, Director Tshering Cigay Dorji, Director/CEO
20th February	35th Board Meeting	Mr. Jigme Thinley Namgyal- Chairman Mr. Dawa Sonam -Director Mr. Karma Tshewang - Director Mr. Tshering Cigay Dorji, CEO - Director
13th April	36th Board Meeting	Mr. Jigme Thinlye Namgyal Chairman Mr. Dawa Sonam - Director Mr. Karma Tshewang -Director Mr. Tshering Cigay Dorji, CEO/Director
14th July	37th Board Meeting	Mr. Jigme Thinley Namgyal Chairman Mr. Dorji Khandu - Director Mr. Karma Tshewang - Director Dr. Tshering Cigay Dorji, CEO/ Director
9th August	38th Board Meeting	Jigme Thinlye Namgyal- Chairman Dorji Khandu- Director Karma Tshewang- Director Dawa Sonam - Director Tshering Cigay Dorji, CEO/Director
17th October	39th Board Meeting	Mr. Jigme Thinlye Namgyal Chairman Mr. Dorji Khandu - Director Mr. Karma Tshewang - Director Dr. Tshering Cigay Dorji, CEO/ Director
18th November	40th Board Meeting	Mr. Jigme Thinlye Namgyal Chairman Mr. Dorji Khandu - Director Mr. Karma Tshewang - Director Dr. Tshering Cigay Dorji, CEO/Director

5.3 Board Committee Meetings

Board Audit Committee Meeting 2017

Date	Meeting No.	Members Present
9 th January 2017	4 th Audit Committee meeting	Karma Tshewang, Chairman Dawa Sonam, Member

5.4 Board Remunerations

TTPL has spent Nu. 268,000 as board sitting fees and Nu. 1,706,140 for the Chief Executive Officer.

5.4.1 Remuneration of Director

The Director's remuneration for the year 2017 are as below:

Sl No	Name of Director	Amount (Nu)
1	Jigme Thinley Namgyal	64,000/
2	Dawa Sonam	40,000/
3	Karma Tshewang	68,000/
4	Tshering Cigay Dorji	64,000/
5	Dorji Khandu	32,000/
	Total	268,000

5.4.2 Remuneration of Chief Executive Officer

The Chief Executive Officer salary for the year 2017 are as below:

Expenses Head	Amount(in Nu)
Salary and Allowance	Nu. 1,148,760
Other benefits	Nu. 405,000
Provident Fund Contribution	Nu. 88,380
Sitting fees	Nu. 64,000
Total	Nu. 1,706,140

5.5 8th Annual General Meeting

8th Annual General Meeting of the Company was held on 20th March at DHI Conference Hall at 10.00 hours. The meeting was attended by the Shareholder, Board Directors and the key members of the management team. The AGM approved the resignation and reappointment of the following Board Directors;

1. Mr. Karma Tshewang, Director,
2. Mr. Jigme Thinlye Namgyal, Director

Mr. Dorji Khandu was appointed as Director. He joined w.e.f 14th July 2017 as an additional director.

5.6 Risk Management System

Risk Management Policy was developed in TTPL only in the year 2017 after DHI included this target in the annual non-financial compact target. The company has identified following major risk:

Global economic slowdown - If there is a global economic slowdown like the one that happened in 2007-2008, it would affect the business of our tenant companies. That would directly affect the IT Park.

Change in FDI policy of the Government- If the Govt. changes its existing FDI policy for the IT/ITES sector to more stringent conditions, it would affect the inflow of FDI.

Risk of not being able to raise enough capital for the expansion of IT Park - We need about Nu. 40 to 50 Million to build a new building and need to raise capital for the same.

5.7 Corporate Social Responsibility

The Company has a strong social mandate of creating employment opportunities for the youth of the country besides its commercial mandates. So far, the Company has been able to create employment opportunities for over 700 youths at the IT Park excluding the self-employment opportunities created through entrepreneurship trainings and incubation center. The Company actively engages in supporting entrepreneurship development in the country as part of its activities for Bhutan Innovation and Technology Centre. The Company organizes the annual Business Idea Competition of Bhutan and various short-term trainings for Bhutanese entrepreneurs. The Company has also provided Nu. 201,100 in donations and contributions towards social causes in the year 2017.

5.8 Policies and Practices of CEO and Board Evaluation

The company follows the ownership policy and corporate governance code of DHI for CEO and Board Evaluation.

G. S. Hora & Associates
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To
The Shareholders of Thimphu TechPark Limited
Thimphu
Bhutan

Report on the Audit of Financial Statement

Opinion

We have audited the Financial Statements of Thimphu TechPark Limited (the company) which comprise the Statement of Financial Position as at December 31, 2017, and the Statement of Comprehensive Income and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and notes to the Financial Statement, including a summary of Significant Accounting Policies.

In our opinion, the accompanying Financial Statement present fairly, in all material respects, the Financial position of the company as at December 31, 2017, and its Financial performance and Cash Flows for the year ended on that date in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the provisions of the Companies Act of Bhutan, 2016 ('the Act') and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report. We are independent of company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirement that are relevant to our audit of the Financial Statement in The Kingdom of Bhutan, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IFSBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

During the year under audit we have not come across any issues which in our opinion require mention under this head.



G. S. Hora & Associates

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Responsibilities of Management and those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with BAS 1 and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement whether due to fraud or error.

In preparing the Financial Statement, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these Financial Statements.

Report on Other Legal and Regulatory Requirement

- i. As required by the section 266 of the Companies Act of Bhutan, 2016 (Minimum Audit Examination and Reporting Requirements) we enclosed in the Annexure a statement on the matters specified therein to the extent applicable.
- ii. As required by section 265 of the Act, we report that:
 - a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - c. The Statement of Financial Position, Statement of Comprehensive Income and Other Comprehensive Income, the Statement of Changes In Equity and Statement of Cash Flows dealt with in this report have been prepared in accordance with accounting



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principles generally accepted as well as Bhutanese Accounting Standards (BAS) and are in agreement with the books of account.

- d. In our opinion, the Statement of Financial Position, Statement of Comprehensive Income and Other Comprehensive Income, the Statement of Changes In Equity and Statement of Cash Flows comply with the Generally Accepted Accounting Principles, Bhutanese Accounting Standards (BAS) and provisions of the Companies Act of Bhutan 2016.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements, give the information required by the Act in the manner required give a true and fair view in conformity with the Generally Accepted Accounting principles, Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan, 2016:

- i. In the case of Statement of Financial Position, of the State Of Affairs of the company as at 31st December 2017;
- ii. In case of Statement of Comprehensive Income and Other Comprehensive Income, of the profit of the company for the year ended on that date;
- iii. In the case of Statement of Changes In Equity, of the movement of the Shareholders' Equity of the company for the year ended on that date and;
- iv. In the case of statement of Cash Flows of the movement of cash flows of the company for the year ended on that date.

For and on behalf of

G.S.HORA & ASSOCIATES
Chartered Accountants
FRN 316030E

Date: 26/02/2018

Place: Siliguri, India




(S.K.DUTTA, FCA)
PARTNER

Membership No: 054632

G. S. Hora & Associates
Chartered Accountants

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THIMPHU TECHPARK LIMITED

THIMPHU ♦ BHUTAN

2017

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE.

1. The Fixed Assets Register is being maintained and updated by the company. As explained to us, the fixed assets have been physically verified during the year but no working sheets/supporting papers regarding such verification were produced before us.
2. Fixed Assets held as Investment Properties have been revalued during the year under audit. These Investment Properties has been revalued on Fair Value as per BAS – 40.
3. The procedure of physical verification of inventories at periodical interval is not applicable to the company.
4. The company has no inventory.
5. The company has availed loan from Bank of Bhutan Ltd. The terms and conditions of the loan are prima facie not prejudicial to the interest of the company. The company has not taken any loan, secured or unsecured from companies, firms and other parties under the same management.
6. The company has not granted any loans secured or unsecured to other companies, firms or other parties and/or to the companies under the same management.
7. No loans and advances other than advances against salary in the regular course of business had been given by the company.
8. The advances granted to Officers/ Staff are in keeping with the policy of the company and no excessive and frequent advances are given.



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1. The company has introduced internal control system which will ensure completeness, accuracy and reliability of accounting records, and to carry out the business in an orderly and efficient manner, to safeguard the assets of the company as well as to ensure adherence to the rules/ regulations and system and procedures.
0. In our opinion and as per information and explanations provided to us there is adequate system of competitive biddings that commensurate with the size of the company and nature of its business, for the purchase of goods and services including stores, plant and machinery, equipment and other assets. Further, the comments on the system of sale of goods and services are not applicable as the company is engaged in leasing out property and managing affairs of a TechPark.
1. As informed to us, there are transactions with the company or firms in which the directors are directly or indirectly interested and covered in the 'Notes to the Financial Statements'.
2. Since the company is not holding any item of stores, raw materials or finished goods, verification of unserviceable or damaged stores at periodical interval is not applicable to the company.
3. Since the company is not involved in the manufacturing activity the question of ascertaining and identifying point of occurrence of breakage / damages of raw materials, finished products, etc. is not applicable to the company.
4. The company has no finished products since it is in the service sector.
5. The company has no realizable by products and scraps since it is in the service sector.
6. The company has been regular in depositing TDS, PF and other Statutory Dues.
7. No undisputed amount is payable in respect of rates, taxes, duties, provident funds and other statutory deductions at the last day of the financial year i.e. 31.12.2017.
8. The company is generally regular in depositing rates and taxes, duties, provident funds, and other statutory dues with the appropriate authority.



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PH : 2431693, 2431076 (O)
FAX : (0353) 2534155
E-MAIL : cagsha@gmail.com

19. According to the information and explanations given to us, no personal expenses have been debited to the Statement of Comprehensive Income expecting those payable under contractual obligations / service rules.
20. The company is in service sector and hence there is no regular consumption of materials and stores.
21. Quantitative reconciliation is not applicable in view of the fact that the company is falling under service sector and not under manufacturing sector.
22. The company is not holding any item of raw materials, finished goods, stores and spares, etc. and hence writing of amounts of such items is not applicable.
23. Allocation of man-hours to respective jobs is not applicable for this company.
24. The company is in the service sector and hence there is no system for issue of stores and allocation of materials and labour to jobs.
25. The company is not involved in production activity and accordingly price fixation on the basis of cost of production and market condition is not applicable.
26. No sale has been made by the company.
27. They system of follow up with debtors and other parties for recovery of outstanding dues is reasonable.
28. In our opinion the management of cash and bank balance is reasonable.
29. According to the information and explanations given to us and on the basis of test examination of books and records, the activities carried out by the company are in our opinion lawful and intra-vires to the Articles of Incorporation of the company.
30. In our opinion, and according to the information and explanations given to us, the company has a system of approval of the Board for all capital expenditure.



G. S. Hora & Associates
Chartered Accountants

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31. The company has established an effective budgetary control system.
32. Since the company is operating in service sector, establishment of input-output relationship and standard costing system is not applicable.
33. The company has paid salary to the Chief Executive Officer (CEO) and disclosed in note no 3.3
34. According to the information and explanation given to us the directives of the Board have been generally complied with.
35. According to the information and explanations provided to us, this is a closely held company and the issue of transmitting price sensitive information does not arise.
36. The company has not acquired /given any machinery/ equipment on lease.

Computerized Accounting Environment

1. With respect to the information and explanations provided to us by the management, we are informed that the number of computer installations employed by the company to manage its affairs is minimal and that the controls with respect to them are generally adequate.
2. As regards back up facilities and disaster recovery measures, the backup files are kept in a different and remote location using cloud services. However, physical backup at remote location may also be maintained.
3. The operational controls are found reasonable to ensure the correctness and validity of input data and output information.
4. As explained to us, the measures taken by the company to prevent unauthorized access over the computer installation and files are generally reasonable.



G. S. Hora & Associates

Chartered Accountants

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General

1) Going Concern Problem

Based on the company's financial statements audited by us for the year ended 31st December, 2017, we have reason to believe that the company is a going concern.

2) Compliance of Companies Act Bhutan

According to the information and explanations given to us and based on the records produced to us for verification, we are of the opinion that the company has complied with all the provisions of the Companies Act of Bhutan, 2016 excepting some minor issues as detailed in the Compliance Check List.

3) Adherence of Laws Rules & Regulations :

Audit of the company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statements as produced to us by the management. In the course of audit, we have considered the compliance of provisions of the said Companies Act and found that they have generally complied.

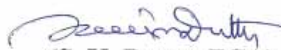
For on and on behalf of

G.S. HORA & ASSOCIATES
Chartered accountants
Firm reg. No. 316030e

Place: **Siliguri, India**

Date: **26/02/2018**




(S. K. Dutta: FCA)
PARTNER
M. No. 54632

(All figures in Bhutanese Ngultrums unless otherwise stated)

THIMPHU TECHPARK LIMITED, THIMPHU
STATEMENT OF FINANCIAL POSITION

Particulars	Note	As at 31-Dec-2017	As at 31-Dec-2016
ASSETS			
NON CURRENT ASSETS			
Investment Property	1.1	293,048,409	283,157,239
Property, Plants & Equipment	1.2	11,193,533	12,344,700
Capital Work-in-Progress	1.3	1,121,581	-
Intangible Assets	1.4	30,827	10,294
Total Non-Current Assets		305,394,351	295,512,233
CURRENT ASSETS			
Financial Assets			
Trade & Other Receivables	1.5	3,142,171	3,617,474
Cash and Cash Equivalents	1.6	60,536,354	17,973,983
Other Current Assets	1.7	673,149	654,773
Total Current Assets		64,351,675	22,246,230
TOTAL ASSETS (A+B)		369,746,025	317,758,463
EQUITY AND LIABILITIES			
Equity	1.8		
Share Capital		222,904,500	188,384,500
Accumulated Other Comprehensive Income		20,534,036	(6,002,740)
TOTAL EQUITY		243,438,536	182,381,760
LIABILITIES			
NON CURRENT LIABILITIES			
Other Non-Current Financial Liabilities	1.9	18,695,790	22,826,285
Other Non-Current Liabilities	1.10	99,106,659	103,343,922
Total Non-Current Liabilities		117,802,449	126,170,207
CURRENT LIABILITIES			
Trade & Other Payables	1.11	2,164,187	3,711,152
Other Current Financial Liabilities	1.12	4,859,908	4,508,797
Other Current Liabilities	1.13	1,480,945	986,547
Total Current Liabilities		8,505,040	9,206,495
TOTAL EQUITY & LIABILITIES		369,746,025	317,758,463

* The Accompanying notes form an integral part of the standalone financial statements. In terms of separate report attached herewith.

FOR AND ON BEHALF OF
G.S. HORA ASSOCIATES
CHARTERED ACCOUNTANTS
FRN : 316030E

(S. K. Dutta :FCA)

Partner
Membership No. 054632

Place: Siliguri, India
Date: 21.12.2018



Jigme Thinlye Namgyal
Chairman

For Thimphu TechPark Limited

Tshering Cigay Dorji
Chief Executive Officer

(All figures in Bhutanese Ngultrums unless otherwise stated)

THIMPHU TECHPARK LIMITED, THIMPHU
STATEMENT OF COMPREHENSIVE INCOME & NON-COMPREHENSIVE INCOME

Particulars	Note	Year Ended 31-Dec-17	Year Ended 31-Dec-16
COMPREHENSIVE INCOME			
Revenue from Operations	1.14	42,291,726	31,126,042
Finance Income	1.15	853,190	808,719
Other Income	1.16	5,578,845	382,299
Total Income		48,723,761	32,317,060
EXPENSES			
Employee Benefits	1.17	5,951,846	4,976,082
General Administration Expenses	1.18	22,018,810	18,158,237
Depreciation	1.2	1,462,054	1,366,778
Amortisation	1.4	10,617	5,880
Finance Cost	1.19	2,039,775	2,774,932
Total Expenses		31,483,101	27,281,909
PROFIT BEFORE TAX		17,240,659	5,035,151
OTHER COMPREHENSIVE INCOME			
Fair Value Changes on Investment Property, Net	1.20	9,296,116	8,405,972
PROFIT/(LOSS) FOR THE YEAR		26,536,776	13,441,123
Earning Per Equity Share	1.21		
Basic and Diluted Earnings per Share		13.87	7.13

* The Accompanying notes form an integral part of the standalone financial statements

As per our report attached
For on behalf of G.S. Hora Associates
Chartered Accountants
Firm Reg. No. 316030E

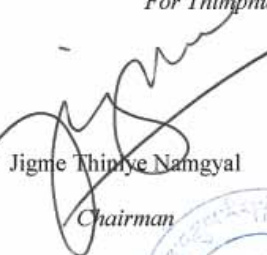

(S. K. Dutta :FCA)

Partner
Membership No. 054632

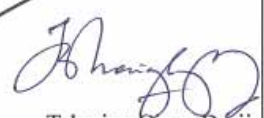
Place: Siliguri, India

Date: 24/02/2018




Jigme Thinley Namgyal
Chairman

For Thimphu TechPark Limited


Tshering Cigay Dorji
Chief Executive Officer



(All figures in Bhutanese Ngultrums unless otherwise stated)

Statement of Changes in Equity
Note 1.8 Equity

Particulars	Equity Share Capital	Accumulated Other Comprehensive Income		Total Equity attributable to equity holders of the company
		Retained Earnings	Fair Value Changes in Investment Property	
Balance as of January 1, 2017	188,384,500	(20,439,635)	14,436,895	182,381,760
Changes in equity for the year ended December 31, 2017				-
Increase in Share Capital on account of issue of shares	34,520,000	-	-	34,520,000
Profit for the period	-	17,240,659	9,296,116	26,536,776
Balance as of December 31, 2017	222,904,500	(3,198,976)	23,733,012	243,438,536

Particulars	Equity Share Capital	Accumulated Other Comprehensive Income		Total Equity attributable to equity holders of the company
		Retained Earnings	Fair Value Changes in Investment Property	
Balance as of January 1, 2016	188,384,500	(25,474,786)	6,030,923	168,940,637
Changes in equity for the year ended December 31, 2016				-
Increase in Share Capital on account of issue of shares	-	-	-	-
Profit for the period	-	5,035,151	8,405,972	13,441,123
Balance as of December 31, 2016	188,384,500	(20,439,635)	14,436,895	182,381,760

Details of Shareholders	As at 31 December, 2017	As at 31 December, 2016
	% of Holding	% of Holding
Name of the Shareholder		
Druk Holding & Investments Limited	59%	51%
Bhutan Telecom Limited	41%	49%
Total	100%	100%

Reconciliation of Number of Shares

Particulars	As at 31 December, 2017		As at 31 December, 2016	
	No of Shares	Amount	No of Shares	Amount
Druk Holding & Investments Limited	1,305,961	130,596,100	960,761	96,076,100
Bhutan Telecom Limited	923,084	92,308,400	923,084	92,308,400
Total	2,229,045	222,904,500	1,883,845	188,384,500

As per our report attached

For on behalf of G.S. Hora Associates

Chartered Accountants

Firm Reg. No. 316030E


 (S. K. Dutta :FCA)

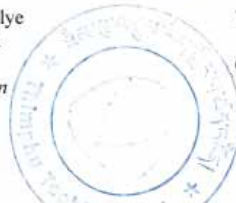
 Partner
 Membership No. 054632

Place: Siliguri, India

Date: 2.6/02/2018



For Thimphu TechPark Limited


 Jigme Thinlye
 Namgyal
 Chairman

 Tshering Cigay
 Dorji
 Chief Executive
 Officer

(All figures in Bhutanese Ngultrums unless otherwise stated)

Thimphu TechPark Limited
Statement of Cash Flows for the year ended 31 December 2017

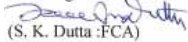
Particulars	For the year ended 31st December, 2017	
A. Cash flow from operating activities		
Net Profit / (Loss) before tax		17,240,659
<u>Adjustments for:</u>		
Depreciation and amortization	1,472,670	
Interest income	(853,190)	
Finance Cost	2,039,775	2,659,255
Operating profit / (loss) before working capital changes		19,899,914
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Trade receivables	475,303	
Other current assets	(18,376)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Other current liabilities	800,053	
Other Non-Current Liabilities	(4,542,917)	
Trade payables	(1,546,964)	(4,832,903)
Cash generated from operations		15,067,012
Net income tax (paid) / refunds		-
Net cash flow from / (used in) operating activities (A)		15,067,012
B. Cash flow from investing activities		
Capital expenditure on Property Plant and Equipment	(1,463,618)	
Capital expenditure on Investment Property	(595,054)	
Interest received		
- Others	853,190	
Net cash flow from / (used in) investing activities (B)		(1,205,482)
C. Cash flow from financing activities		
Repayment of long term borrowings	(3,779,384)	
Increase in Share Capital	34,520,000	
Finance cost	(2,039,775)	
Net cash flow from / (used in) financing activities (C)		28,700,841
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		42,562,371
Cash and cash equivalents at the beginning of the year		17,973,983
Cash and cash equivalents at the end of the year		60,536,354
Cash and cash equivalents at the end of the year (Refer Note 2.6)		
* Comprises:		
(a) Cash on hand		14,494
(b) Balances with banks		
(i) In current accounts		44,734,430
(ii) Deposit accounts		15,787,431
		60,536,354

In terms of separate report attached herewith

For on behalf of G.S. Hora Associates

Chartered Accountants

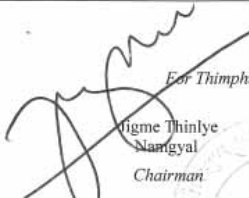
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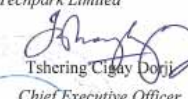

 (S. K. Dutta :FCA)

Partner



For Thimphu Techpark Limited


 Tshering Chogy Dorji
 Chairman


 Tshering Chogy Dorji
 Chief Executive Officer

(All figures in Bhutanese Ngultrums unless otherwise stated)

A. SIGNIFICANT ACCOUNTING POLICIES OF THIMPHU TECHPARK LIMITED

1. Reporting Entity

Thimphu TechPark Limited (the "Company") was incorporated on 24th August 2009 to Design, Build, Finance, Own, Operate and Transfer (DBFOOT) an IT Park at Wangchutaba, Babesa, Thimphu. It is first IT Park in the country promoted by the Ministry of Information & Communication, supported by the World Bank and developed jointly by Assetz Property Group of Singapore and Druk Holdings & Investments, Bhutan.

Currently, its principal activity is to attract both foreign and domestic IT/ITES companies to rent space at the IT Park. The Company also operates Bhutan Innovation and Technology Centre on behalf of the Department of IT & Telecom, Ministry of Information and Communications.

All significant operations take place within Bhutan. The company was incorporated under the companies Act of Kingdom of Bhutan a listed, limited company. Druk Holding & Investments Limited purchased the shares of Assetz Property Group on 29 October 2014 and became the 100% owner of the Company. New shares were subsequently issued to Bhutan Telecom Limited. The additional equity was injected by DHI in the current year 2017 and the current shareholding is DHI 59% and BTL 41%.

The Company is a limited liability company incorporated and domiciled in Bhutan. The address of its principal place of business is Wangchutaba, Babesa, Thimphu, Bhutan. These Financial Statements relate to the year ended 31 December, 2017.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards. The statements have been prepared under the accrual, historical cost and going concern conventions.

The preparation of financial statements in conformity with BAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- **Income:** Revenue is determined on the basis of the percentage of completion of contracts and the likely outcome of the contract. The rental charges for the tenants, escalated with the terms of the TTPL as per its contract.
- **Fixed assets:** The rental property is valued at Fair Value. Other fixed assets are depreciated over the estimated useful life.
- The functional currency of preparation is the Bhutanese Ngultrum.

3. Application of Bhutanese Accounting Standards

The Financial Statements have been prepared in line with Bhutanese Accounting Standards for the year ended 31 December, 2017. The summarized impact of the introduction of BAS is to company has presented Statements of Comprehensive Income and Other Comprehensive Income (OCI) as per BAS.



(All figures in Bhutanese Ngultrums unless otherwise stated)

4. Investment Property

The major business of the company is to provide premises on rent. The holding of land and buildings is anticipated to give rise to capital appreciation, which is an integral part of the expected gain on the investment. Accordingly, land was on lease with Thimphu Thromde and buildings have been valued under the terms of BAS 40 Investment Properties.

There is a lack of readily available information as a basis for calculating market prices and capitalization rates of rents received. The building is specifically designed as an IT Park, so there is no comparable building in Bhutan. Accordingly it has been valued at Fair Value. Revaluation on Building of IT Park has been done alike previous financial years by M/s. Construction Development Corporation Limited as of 31st December 2017.

5. Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost, direct financing costs, direct overheads for self-constructed assets, borrowing costs, other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Plant & machinery, Motor Vehicle and other equipment	10 – 15 years
Furniture and fixtures and office equipment	10 years
Computers and accessories	4 years

The residual value of Plant & Machinery and Motor Vehicle has been assessed as 5%. Other assets are assessed to have no residual value.

6. Intangible Assets

Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



(All figures in Bhutanese Ngultrums unless otherwise stated)

7. Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's Current Assets comprise 'Trade & Other Receivables', 'Cash and Cash Equivalents' and 'Other Current Assets' in the balance sheet.

8. Trade and other receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment.

9. Cash and Bank

In the Statement of Cash Flows, cash and bank includes cash in hand and at bank, deposits held with banks with maturities of one year or less.

10. Trade and other payables

Trade and other payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

11. Current and deferred income tax

The company has been granted an initial tax holiday by the Department of Revenue and Customs for a period of 15 years from 20 June 2013 to 20 June 2028 vide letter No. **DRC/TAX-A&L/HOL(A) 2013/1511 dated 25.10.2013**. However, it has been provided for an initial period of 5 years 20 June 2013 to 20 June 2018 and may be extended thereafter. Accordingly, no provision is necessary for current or deferred tax for the Financial Year under Audit.

12. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a major capital project, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.



(All figures in Bhutanese Ngultrums unless otherwise stated)

3. Employee Benefits

a. Retirement Benefits

Under Defined Contribution Scheme.

Employees belong to a Defined Contribution Benefit Plan managed by a separate entity. The company has no legal or constructive obligations to pay further contributions if the separate entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

b. Other benefits

Other benefits such as Leave Travel Concession and Performance Based Variable Allowances are accrued only at year end without actuarial valuation except Leave Encashment which is provided for on the basis of actuarial valuation.

c. Provisions and Contingent Liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

A contingent liability is only disclosed in the notes to the account if an outflow of resources embodying economic benefits is possible.

d. Revenue recognition

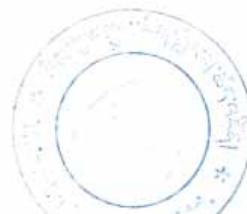
Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and taxes. The company recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the company.

e. Lease

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income and Other Comprehensive Income on a straight-line basis over the life of the lease term. TTPL currently has no financial leases.

f. Comparative information

Previous Year figures have been re-grouped, re-classified and re-arranged wherever necessary to make them comparable with the current period's figures.



(All figures in Bhutanese Ngultrums unless otherwise stated)

B. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017**Note 1.1 Investment Property**

Particulars	As at December 31, 2017	As at December 31, 2016
Building	289,639,713	279,878,777
Day Care Centre	3,408,695	3,278,462
Total	293,048,409	283,157,239

Note 1.3 Capital Work-in-Progress

Particulars	As at December 31, 2017	As at December 31, 2016
Construction of New Building	1,121,581	-
Total	1,121,581	-

Note 1.5 Trade Receivables

Particulars	As at December 31, 2017	As at December 31, 2016
Current		
Unsecured, Considered Good	3,142,171	3,617,474
Total	3,142,171	3,617,474

Note 1.6 Cash & Cash Equivalents

Particulars	As at December 31, 2017	As at December 31, 2016
Balances with Banks		
<i>In Current Accounts</i>		
Bank of Bhutan Ltd (A/c No 100925841)	44,266,677	2,783,835
Bhutan National Bank (A/c No 0100032525001)	83,802	95,042
Druk PNB Bank Ltd (A/c No 110210004440)	383,951	61,314
<i>In Deposit Accounts</i>		
Bhutan Development Bank Ltd	15,787,431	15,013,082
Cash in Hand	14,494	20,710
Total	60,536,354	17,973,983



(All figures in Bhutanese Ngultrums unless otherwise stated)

Note 1.7 Other Current Assets

Particulars	As at December 31, 2017	As at December 31, 2016
Prepaid Expenses	176,730	177,195
Salary Advance	41,500	101,500
Interest Accrued on Fixed Deposits	454,920	376,078
Total	673,149	654,773

Note 1.9 Other Non-Current Financial Liabilities

Particulars	As at December 31, 2017	As at December 31, 2016
Long Term Borrowings	18,695,790	22,826,285
Total	18,695,790	22,826,285

Note 1.10 Other Non-Current Liabilities

Particulars	As at December 31, 2017	As at December 31, 2016
Lease Security Deposit	95,911,116	97,066,671
Security Deposit	2,889,888	2,053,450
Gratuity*	305,655	186,153
Grant from DHI	-	2,500,000
Grant from UNICEF	-	674,421
Retention Monies	-	1,049,380
Total	99,106,659	103,530,075

*Employee Benefit Payable has been computed by the Actuary appointed by the Company and the basis adopted is as follows:-

Employees' Leave Liability

Assumptions used in the valuation are;

Assumptions	31-Dec-2017	31-Dec-16
Discount Rate	7.50%	7.50%
Salary Escalation Rate	10%	10%
employee Turnover Rate	5%	5%
Mortality Rates	100% of IALM (2006-08)	100% of IALM (2006-08)



(All figures in Bhutanese Ngultrums unless otherwise stated)

Employees' Gratuity Liability

A. ACCOUNTING EXHIBITS		In Ngultrums	
A1. Change in Defined Benefit Obligation (DBO)	31-Dec-17	31-Dec-16	
DBO at the beginning of the current period	186,153.00	92,280.00	
Current Service Cost	139,337.00	109,715.00	
Interest Cost	13,961.00	6,921.00	
Past service Cost			
Benefits paid from plan assets			
Benefits paid by the employer			
Actuarial (gain) /loss due to plan experience	(33,796.00)	(22,763.00)	
Actuarial (gain) /loss due to change in demographic assumptions			
Actuarial (gain) /loss due to change in financial assumptions			
DBO at the end of the current period	305,655.00	186,153.00	
A2. Change in the fair value of plan assets	31-Dec-17	31-Dec-16	
Fair value of Assets at the beginning of current period			
Contribution paid into the plan	186,153.00		
Expected return on the plan assets	6,981.00		
Benefits paid by the plan			
Return on plan assets greater of (less) than discount rate	(6,981.00)		
Fair Value of assets at the end of the current period	186,153.00		
A3. Income Statement	31-Dec-17	31-Dec-16	
Current Service Cost	139,337.00	109,715.00	
Past Service Cost			
Net Interest cost on net DB liability/(asset)	6,980.00	6,921.00	
Net Cost for the year recognized in Income Statement	146,317.00	116,636.00	
A4. Other Comprehensive Income (OCI)	31-Dec-17	31-Dec-16	
Actuarial (gains)/losses due to liability experience	(33,796.00)	(22,763.00)	
Actuarial (gains)/losses due to liability assumption changes			
Return on plan assets (greater) or less than discount rate	6,981.00		
Re-measurement (gains)/losses recognized in OCI	(26,815.00)	(22,763.00)	
A5. Defined Benefit Cost	31-Dec-17	31-Dec-16	
Current service cost	139,337.00	109,715.00	
Past Service cost			
Net interest cost on net DB liability/(asset)	6,980.00	6,921.00	
Re-measurement (Gain)/Loss recognized in OCI	(26,815.00)	(22,763.00)	
Total Defined Benefit Cost	119,502.00	93,873.00	
A6. Development of Net Financial position	31-Dec-17	31-Dec-16	
Defined Benefit Obligation	(305,655.00)	(186,153.00)	
Fair Value of Plan Assets	186,153.00		
Funded status- (Deficit)/ Surplus	(119,502.00)	(186,153.00)	
Net Defined Benefit Assets/(Liabilities)	(119,502.00)	(186,153.00)	



(All figures in Bhutanese Ngultrums unless otherwise stated)

A7. Reconciliation of Net Balance sheet position	31-Dec-17	31-Dec-16
Net Defined Benefit liability/(asset) at the beginning of current period	186,153.00	92,280.00
Amount recognized in the Income Statement	146,317.00	116,636.00
Amount recognized in the OCI	(26,815.00)	(22,763.00)
Contributions paid into the plan	(186,153.00)	
Benefits paid by employer		
Net Defined Benefit liability/(asset) at the end of current period	119,502.00	186,153.00

A8. Expected Benefit Payments for the year ending	In Nu.
December 31,2018	38,233
December 31,2019	54,307
December 31,2020	71,795
December 31,2021	90,806
December 31,2022	165,991
December 31,2023 to December 31,2027	1,006,589

A9. Estimated Term of Liability (Years)	13.62
--	--------------

A10. Scheme Asset Allocation	
Cash at Bank	186,153.00
Total	186,153.00

A.11 Sensitivity Analyses	In Nu	
	Defined Benefit Obligation	Net Effect on DBO
1. Discount Rate		
Base Discount Rate of 7.5%	305,655.00	-
Discount Rate of 8% (+0.5%)	287,830.00	(17,825.00)
Discount Rate of 7% (10.5%)	325,038.00	19,383.00
2. Salary Escalation Rate		
Base Salary Escalation Rate of 10%	305,655.00	-
Salary Escalation Rate of 11% (+1%)	321,033.00	15,378.00
Salary Escalation Rate of 9% (-1%)	290,586.00	(15,069.00)
3. Attrition Rate		
Base Attrition Rate of 5%	305,655.00	-
Attrition Rate of 6% (+1%)	298,222.00	(7,433.00)
Attrition Rate of 4% (-1%)	312,599.00	6,944.00



(All figures in Bhutanese Ngultrums unless otherwise stated)

B. SCHEME DESCRIPTION**B.1 Gratuity Scheme Benefits as at 31 December 2017**

1. **Normal Retirement Age:** 58 years for CEO and 56 years for the rest
2. **Benefits Payable on:** Death/Disability/Resignation/Normal Retirement.
3. **Form of Benefit:** Lump Sum
4. **Vesting Period:** 5 Years
5. **Maximum Benefit:** Nu. 1,500,000.00
6. **Benefit Formula:** Monthly Basic Salary at the time of exit X Eligible service rendered till the time of exit rounded to the nearest integer.

C. ACTUARIAL ASSUMPTIONS**C.1 Summary of Actuarial Assumptions**

	31-Dec-17	31-Dec-16
Discount Rates	7.50%	7.50%
Salary Escalation Rates	10%	10%
Employee Turnover Rate	5%	5%
Mortality Rates	100% of IALM (2006-08)	100% of IALM (2006-08)

Note 1.11 Trade & Other Payables

Particulars	As at December 31, 2017	As at December 31, 2016
Current		
Unsecured, Considered Good	2,164,187	3,711,152
Total	2,164,187	3,711,152

Note 1.12 Other Current Financial Liabilities

Particulars	As at December 31, 2017	As at December 31, 2016
Lease Security Deposit (Current)	1,155,555	1,155,555
Current Maturities of Long Term Debt	3,704,353	3,353,242
Total	4,859,908	4,508,797



(All figures in Bhutanese Ngultrums unless otherwise stated)

Note 1.13 Other Current Liabilities

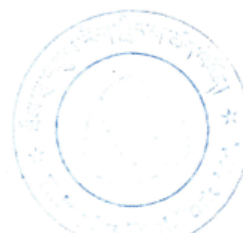
Particulars	As at December 31, 2017	As at December 31, 2016
Provisions for:		
Employee Benefit	1,480,945	790,509
Tax Deducted at Source	-	9,885
Total	1,480,945	800,394

Note 1.14 Revenue from Operations

Particulars	For The year ended of 31 December, 2017	For The year ended of 31 December, 2016
Commercial Space	16,045,449	14,542,725
BITC Space	2,095,854	2,400,453
Internet Leased line	6,672,731	8,386,229
Power Charges from Tenants	3,032,840	
Training Program	13,289,297	4,641,080
Lease Rental income *	1,155,555	1,155,555
Total	42,291,726	31,126,042

* The Royal Government of Bhutan through Department of Information and Technology (DITT), Ministry of Information and Communication have awarded a contract to company to design, Build, Finance, Own and Transfer (DBFOOT), an Information Technology Park consisting of 50,000 SFT on acres of land at Babesa, Thimphu. The 5 acres of Land is provided by DITT is on lease for an initial period of 30 years and shall be renewed automatically for two consecutive times for a period of 30 years each.

In terms of the contract awarded by DITT, out of 50,000 SFT of IT Park, 10,000 SFT of the IT Park will be leased by the company to DITT for an initial period of 30 years with an automatic renewal for the same tenure up to a maximum of 90 years including initial lease period. The said premises are leased to the Department of Information and Technology for the purpose of establishing an incubation facility, a shared technology center and a data center. Accordingly, the company handed over the aforesaid premises of 10,000 Sft, to the Department of Information and Technology (DITT) in October 2011. The aggregate fixed lease amount of USD 2 million (Equivalent to Nu 104,000,000) toward lease of the 10,000 SFT of space has been received from Department of Information and Technology (DITT) for the above mentioned total lease period of 90 years and the same has been disclosed as Lease Security Deposit under Non-Current & Current Liabilities. During the year the company has recognized an amount of 11.55 lakhs as rental income on the basis of straight line apportionment of advance lease rental.



(All figures in Bhutanese Ngultrums unless otherwise stated)

Note 1.15 Finance Income

Particulars	For The year ended of 31 December, 2017	For The year ended of 31 December, 2016
Interest on Fixed Deposits	853,190	808,719
Total	853,190	808,719

Note 1.16 Other Income

Particulars	For The year ended of 31 December, 2017	For The year ended of 31 December, 2016
Discount Received	-	329,824
Disposal of Old Material	-	40,000
Sale of Tender Documents	-	11,500
Balance Written off	2,273,087	-
Prior Period Income	9,737	975
Grant From DHI *	2,500,000	-
Grant From UNICEF	674,421	-
Others	121,600	-
Total	5,578,845	382,299

*Nu. 2,500,000.00 was received as Grant from Druk Holding & Investments Ltd. (DHI) for the construction of a Day Care Centre within the premises of the Company and the amount was shown under the head Non Current Liability in income year 2016 but now it has been spent fully and capitalized under 'Investment Property (Building)', now the said Grant has been transferred in other income for the income year 2017 as per the Bhutanese Accounting Standards. Since the Grant has been fully utilized for the purpose for which it is received, the amount is no longer refundable to DHI and should not be perceived as a liability of TTPL.

Note 1.17 Employee Benefits

Particulars	For The year ended of 31 December, 2017	For The year ended of 31 December, 2016
Personnel Cost_ Internship Fees	31,000	60,000
Personnel Cost_ Salary	3,813,987	3,327,632
Personnel Cost_Provident Fund (Employer's Cont.)	288,541	204,954
Personnel Cost_Employees' Benefits		
a. Employees; Bonus	823,132	-
b. Performance Based Variable Allowance	332,756	521,421
c. Leave Encashment	384,450	489,793
d. Leave Travel Concession	158,478	131,387
e. Gratuity	119,502	186,153
f. Separation Benefit	-	15,000
Personnel Cost_ Wages	-	39,742
Total	5,951,846	4,976,082

(All figures in Bhutanese Ngultrums unless otherwise stated)

Note 2.18 General Administration Expenses

Particulars	For The year ended of 31 December, 2017	For The year ended of 31 December, 2016
A. Administration Expenses		
Audit Fees	57,500	57,500
Audit Expenses	97,596	77,663
Bank Charges	3,357	1,285
Board Director/CS Training Expenses	177,309	675,906
Books & Periodicals	15,300	-
Brand & Management Expenses	91,840	22,115
Car Fuel Expense	120,000	112,250
Car Hiring Charges	-	24,000
Car Maintenance	57,439	23,235
Consultancy Expenses	28,500	185,070
Corporate Social Responsibility	101,100	140,000
DHI CEO RTM Expenses	-	34,163
Donations	100,000	44,000
Fees & Subscription	18,038	14,880
Hospitality & Entertainment Expenses	146,296	136,640
House Keeping Expenses	113,579	87,772
Land Leased	217,800	217,800
Membership Fees	21,341	28,882
Profit Sharing to DITT for BITC	1,159,913	-
Sundry Debtor Write Off	-	10,250
Staffs' Training Expenses	152,148	-
General Training Expenses	7,361,063	1,895,634
B. Meeting Expenses		
Board Sitting Fees	292,000	252,000
Board Committee Sitting Fees	10,000	24,000
Board Committee Meeting Expenses	-	32,978
Board Meeting Expenses	18,701	16,450
C. General Insurance		
Building Insurance	147,840	147,840
Car Insurance	36,278	35,050
D. Utility Expenses		
DG Fuel Expenses	80,686	149,926
Electricity Charges to BPC	3,165,894	3,251,270
Email Hosting & Microsoftonline 365	67,534	46,996
Internet Leased Line Expenses	6,522,674	8,804,313
Internet, Telephone & Fax Charges	105,959	119,688
E. Office Expenses		
Gifts & Present	24,330	18,170
Miscellaneous/Office Expenses	68,687	116,613
Office Annual Rimdro	65,000	50,000
Postage Expenses	4,650	4,985
Printing & Stationery	90,160	87,674
Purchase of Staffs' Dresses	56,100	

(All figures in Bhutanese Ngultrums unless otherwise stated)

Travelling Exp. for Ad. for Investors	89,900	-
Travelling Exp. for Marketing & Promotion	87,787	-
G. Repair & Maintenance		
Building Maintenance	201,510	119,467
DG Maintenance	43,551	118,146
Electrical System Maintenance	170,105	55,724
Façade Cleaning Maintenance	-	108,388
Fire Protection System Maintenance	23,040	22,220
Garden Maintenance	25,523	18,865
Computer, Accessories and Equipment Maintenance	27,720	-
Landscape Maintenance	49,055	13,950
Plumbing System Maintenance	52,054	97,700
HVAC and Heating System Maintenance	1,600	23,715
Sewage Treatment Plant Maintenance	9,250	80,525
H. Marketing & Promotion	-	-
Advertisement (Domestic)	74,982.50	34,317
Advertisement Targeting for International Investor	194,007.60	101,700
International Marketing	124,095.60	370,102
Total	22,018,810	18,158,237

Note 1.19 Finance Cost

Particulars	For The year ended of 31 December, 2017	For The year ended of 31 December, 2016
Interest on Borrowings	2,039,775	2,774,932
Total	2,039,775	2,774,932

Note 1.20 Fair Value Changes on Investment Property, Net

Particulars	For The year ended of 31 December, 2017	For The year ended of 31 December, 2016
Gain from change in Fair Value of Building held under Investment in Properties (As per Valuation Report)	9,296,116	8,405,972
Total	9,296,116	8,405,972

Note 1.21 Earning Per share

Particulars	For The year ended of 31 December, 2017	For The year ended of 31 December, 2016
Realized Earning for the year	26,536,776	13,441,123
Weighted Average No. of Equity Shares	1,912,612	1,883,845
Basic EPS from continuing operation for the Year	13.87	7.13
Diluted EPS from continuing operation for the Year	13.87	7.13

Note 1.2 Property, Plant & Equipment

Particulars	Gross Block				Depreciation				Net Block	
	Opening	Additions	Deletions	Closing	Opening	Additions	Deletions	Closing	As at 31.12.2017	As at 31.12.2016
Plant & Machinery	1,43,91,054	-	-	1,43,91,054	46,74,095	10,78,637	-	57,52,732	86,38,322	97,16,939
Furniture & Fixture	2,24,685	1,02,100	-	3,26,785	23,606	26,060	-	49,666	2,77,119	2,01,079
Office Equipment	2,46,536	43,250	-	2,89,786	78,924	44,690	-	1,23,615	1,66,171	1,67,612
Computer & Accessories	6,45,981	1,65,538	-	8,11,519	3,66,611	1,05,626	-	4,72,237	3,39,282	2,79,370
Motor Vehicles	21,79,365	-	-	21,79,365	1,99,686	2,07,040	-	4,06,726	17,72,640	19,79,680
Total Property, Plant & Equipment	1,76,87,621	3,10,888	-	1,79,98,509	53,42,922	14,62,054	-	68,04,975	1,11,93,534	1,23,44,700

Note 1.4 Intangible Assets

Particulars	Gross Block				Amortisation				Net Block	
	Opening	Additions	Deletions	Closing	Opening	Additions	Deletions	Closing	As at 31.12.2017	As at 31.12.2016
Software	1,66,753	31,150	-	1,97,903	1,56,459	10,617	-	1,67,076	30,827	10,294
Total Intangibles Assets	1,66,753	31,150	-	1,97,903	1,56,459	10,617	-	1,67,076	30,827	10,294



(All figures in Bhutanese Ngultrums unless otherwise stated)

Disclosure:**1 Auditors' Remuneration**

Particulars	Amount (Nu.)
<i>Remuneration to the Auditors of the Company</i>	
Statutory Audit Fees	57,500.00
Other Audit Expenses	97,596.00
TOTAL (NU)	155,096.00

2 Related Party Disclosure**i. Transaction with Group Company****a. Bank of Bhutan (BOB)**

Particulars	Amount (in Nu)
Balances (CD Account) as of 31.12.2017	44,266,677.00
Borrowings –Current & Non-current as of 31.12.2017	22,400,143.45
Interest on loans paid	2,039,775.03
Bank Charges and fees for other financial services	2,754.75

b. Bhutan Telecom Limited (BTL)

Particulars	Amount (in Nu)
Equity Shares held by BTL	92,308,400.00
Communication; Internet and Telephone charges	5,928,617.28
Inter- group trade receivable	13,396.94
Rental Income from group companies	157,270.31
Inter- group trade payables	464,459

c. Druk Holding & Investments

Particulars	Amount (in Nu)
Equity Shares held by DHI	130,596,100.00
Inter-group Brand Management Fees	91,840.26

d. Bhutan Power Corporation Limited (BPCL)

Particulars	Amount (in Nu)
Electricity Charges	3,149,389.40
Running & Maintenance Of Power	16,505.07



(All figures in Bhutanese Ngultrums unless otherwise stated)

e. Druk Air Corporation limited

Particulars	Amount (in Nu)
Purchase of flight tickets and other services	111,371.00

f. State Trading Corporation of Bhutan Limited

Particulars	Amount (in Nu)
Purchase of Furniture, fixtures, computers and office equipment	76,900.00
Running & Maintenance Of Vehicle	18,304.00

g. Construction Development Corporation Limited

Particulars	Amount (in Nu)
Capital Work-in-Progress	1,000,000.00
Inter-group trade payables	16,500.00
Inter-group Consultancy Fees	16,500.00

h. Wood Craft Corporation Limited

Particulars	Amount (in Nu)
Purchase of Furniture, fixtures, computers and office equipment	52,505.00

i. Bhutan Board Products Limited

Particulars	Amount (in Nu)
Purchase of Furniture, fixtures, computers and office equipment	49,594.30

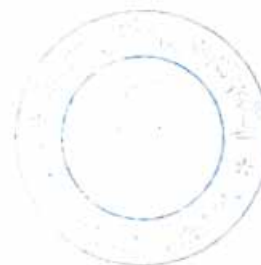
1.3 Managerial Remuneration

Particulars	Amount (Nu.)
a. Remuneration paid to the CEO (Board Director) of the Company	
Salary & Allowance	1,148,760.00
Other Benefits	405,000.00
Provident Fund Contribution	88,380.00
Sitting Fees	64,000.00
b. Remuneration paid to the Manager (Company Secretary) of the Company	
Salary & Allowance	467,542.00
Other Benefits	129,210.00
Provident Fund Contribution	32,968.00
Sitting Fees	30,000.00
c. Directors' Sitting Fees	200,000.00
TOTAL (NU)	2,565,860.00

(All figures in Bhutanese Ngultrums unless otherwise stated)

.4 Key Management Personnel

List of Directors 2017	
1.	Mr. Jigme Thinlye Namgyal, Chairman, w.e.f 4 th March, 2016
2.	Dr. Tshering Cigay Dorji, Director and CEO, -w.e.f November, 2014
3.	Mr. Dawa Sonam, Director, (Resigned) on 9 th August, 2017
4.	Mr. Karma Tshewang, Director, (Newly Joined) w.e.f 4 th March, 2017
5.	Mr. Dorji Khandu, Director, (Newly Joined) w.e.f 14 th July, 2017

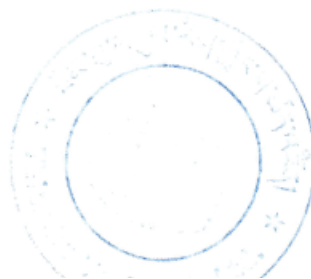


(All figures in Bhutanese Ngultrums unless otherwise stated)

THIMPHU TECHPARK LIMITED
2017
STATEMENT OF RATIO ANALYSIS

Financial and Operational ratio in respect of company is given in the statement of Ratio Analysis.

Ratio	Basis	2017	2016
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	7.30	2.76
Quick Ratio	$\frac{\text{Quick Assets}}{\text{Quick Liabilities}}$	7.30	2.76
Debtors Turnover Ratio	$\frac{\text{Sales}}{\text{Sundry Debtors}}$	5.77	8.60
Total Expenses to Total Income Ratio	$\frac{\text{Total Expenses} * 100}{\text{Total Income}}$	64.62	84.42
Net profit/(Loss) to Total income	$\frac{\text{Net Profit/(loss)} * 100}{\text{Total Income}}$	54.46	41.59



THIMPHU TECHPARK LTD.**2017**

COMPLIANCE CHECKLIST

**CHECKLIST FOR COMPLIANCE OF PROVISIONS OF THE COMPANIES ACT OF
BHUTAN, 2016**

DATE: 29-01-2018

NAME OF COMPANY :		THIMPHU TECHPARK LTD.				
REGISTERED NO:		U20121219TH10390				
			COMPLIANCE CHECKLIST			
		INCORPORATION OF A COMPANY &				
S L	Section	SECURITIES	YES	NO	NA	REMARKS
1.	28	Alteration of Articles		✓		Since shares have been issued during the Financial Year 2017, Alternation of Articles is required in consonance with Clause 15.1 read with Clause 10.1 of Articles of Incorporation (AOI) of the company.
2	47	Changes of name			✓	
3	123	Increase or consolidation of share capital		✓		Shares have been issued during the year under audit but no ordinary resolution has been passed as per sec 50(a) of The Companies Act of Bhutan, 2016 and Clause 10.1. of Articles of Incorporation (AOI) of the



					company.
4.	124	Reduction of share Capital		✓	
5.	82	License Copy and Share Certificate Copy		✓	Share Certificates have not been issued for the fresh issue of equity shares to the tune of Nu 34.52 million.
6.	107	Public Offer of Shares & Debentures – ROC Approval		✓	

P-VII MANAGEMENT & ADMINISTRATION

7.	217	Registered Office of Company (Postal Address & Contact No)	✓		
8	221	Publication of name by company (Letter Head, Seals and Sign Board)	✓		However, Name has not been engraved (carved out) on a seal.
9	241	Financial Year of Companies as of 31 st Dec	✓		
	242	Extension upto 15 months- ROC Approval		✓	
	243	Extension upto 18 months- ROC Approval		✓	
	245	Financial Statements to follow BAS		✓	
10	267	Annual return On or before 31 st May for listed; others 31 st July	✓		Yet to file for the year 2017
11	177	Annual General Meeting (Minutes)	✓		Last AGM was held on 9 th March 2017.
12	180	Extraordinary General Meeting		✓	EGM should have been held during the year under



					company.
4.	124	Reduction of share Capital			✓
5.	82	License Copy and Share Certificate Copy		✓	Share Certificates have not been issued for the fresh issue of equity shares to the tune of Nu 34.52 million.
6.	107	Public Offer of Shares & Debentures – ROC Approval			✓

P-VII MANAGEMENT & ADMINISTRATION

7.	217	Registered Office of Company (Postal Address & Contact No)	✓		
8	221	Publication of name by company (Letter Head, Seals and Sign Board)	✓		However, Name has not been engraved (carved out) on a seal.
9	241	Financial Year of Companies as of 31 st Dec	✓		
	242	Extension upto 15 months-ROC Approval			✓
	243	Extension upto 18 months-ROC Approval			✓
	245	Financial Statements to follow BAS			✓
10	267	Annual return On or before 31 st May for listed; others 31 st July	✓		Yet to file for the year 2017
11	177	Annual General Meeting (Minutes)	✓		Last AGM was held on 9 th March 2017.
12	180	Extraordinary General Meeting		✓	EGM should have been held during the year under



		(Minutes)				audit. Kindly refer Sl. No 1 of this Checklist.
13	185	Notice for calling General Meeting –	✓			Notice was given for AGM to be held on 24 th Feb, 2017 which was postponed to 9 th March, 2017.
	187	Listed - written as well as in media Public Co / Private Co – Written Notice	✓			As per information and explanations given to us and as documents produced before us, there are only 2 shareholders of the company so notice for AGM was not circulated through public media.
14	190	Chairman of meeting (CEO cannot Chair)	✓			
15	192	Representation of corporation at meetings (Appointed by Board of Directors)			✓	
16	193	Ordinary and special resolutions (Minutes)	✓			
17	195	Minutes of Annual General Meeting and Board Meetings (Maintained ss 195-198)	✓ ✓			No books for maintaining minutes have been kept and their pages have not been consequently numbered.
18	199	Declaration and payment of dividend (199-209)			✓	
19	232	Books of account to be kept by company (location & time period)	✓			
20		Board's report (signed by Chairman)	✓			



21	252	Appointment and removal of Auditors	✓			Auditors have been appointed by Royal Audit Authority.
		Reappoint annually (251-259)	✓			
22	260	Resignation of auditors from office			✓	
23	266	Auditing Standard (audit using Auditing Standards issued by AASBB)	✓			
24	133	Number of Directors (Minimum No and Retirement on Rotation)	✓			
25	139	Additional Directors	✓			
26	140	Consent to act as directors	✓			Mr Dorji Khandu, Director is yet to give his consent letter to act as the director of the company and the same couldnot be filed with Registrar of Companies.
27	141	Certain persons not to be appointed as directors			✓	
28	142	Resignation by a director	✓			Mr Dawa Sonam resigned from office on 09-08-2017.
29	143	Removal of directors			✓	
30	146	Board Meetings (4 meetings for public companies and 2 for private companies)	✓			7 board meetings
31	152	General powers of the board	✓			
32	156	Restriction of powers of Board	✓			
33	210	Appointment of Chief Executive Officer	✓			Dr Tshering Cigay Dorji has been serving as CEO.



414	Appointment of Selling or Buying Agents (Govt Approval obtained or Not)			✓	
157	No loans to directors (only for public company)			✓	
53	Inter Corporate Investments (Investments to be disclosed) apply old rule			✓	
158	Contracts in which directors are interested			✓	
	Companies to have secretaries	✓			Appointed on 4 th December, 2014 by the Board of Directors.
161	Standards of care required by directors (Reckless decisions)	✓			As per our test checks and observations, we have not across any such matters.

**CHECKLIST FOR COMPLIANCE OF PROVISIONS OF THE COMPANIES ACT OF
BHUTAN, 2016**

46		g. Register of directors	✓			
47		h. Register of directors' shareholding			✓	
		OTHERS				

For on behalf of

G.S. HORA & ASSOCIATES
Chartered Accountants
Firm's Reg. No.316030E

Place: Siliguri, India
Date: 26/02/2018



(Signature)
(S.K. Dutta: FCA)
PARTNER
Membership No.54632

G. S. Hora & Associates
Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
PH : 2431693, 2431076 (O)
FAX : (0353) 2534155
E-MAIL : cagsha@gmail.com

**THIMPHU TECHPARK LIMITED
MANAGEMENT REPORT
2017**

Follow up Management Report 2016:

Audit Observations

No. of Observations	Fully settled	Partially settled	Outstanding
3	2	1	NIL

Management Report 2017:

Auditors' Observation:

Nu. 2,500,000.00 was received as Grant from Druk Holding and Investment Ltd. (DHI) for the construction of Day Care Centre within the premises of the company and the amount was spent fully and capitalized under the head 'Investment Property (Building)' in income year 2016. The said grant has been shown under the 'share capital' in income year 2017 since the amount was fully utilized for the purpose for which it was received in income year 2016, the amount is no longer refundable to DHI and should not be perceived as liability of TTPL. It is suggested that on adoption of Annual Account by the Members of the Company the management may review and consider the amount as other income as per Bhutanese accounting Standard.

Management's response:

The amount of Nu. 2.5 million received from DHI as grant for the construction of Day Care Centre in 2016 was shown under share capital based on the recommendation made by the statutory auditor for the financial year 2016 in their Management Report which states:

Nu. 2.5 million has been received as Grant from Druk Holding & Investments Ltd. (DHI) for the construction of a Day Care Centre within the premises of the Company and the amount has been spent fully and capitalized under 'Investment Property (Building)'. The said Grant has been shown under 'Non Current Liabilities'. Since the Grant has been fully

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utilized for the purpose for which it is received, the amount is no longer refundable to DHI and should not be perceived as a liability of TTPL. It is suggested that on adoption of the Annual Accounts by the Members of the Company the Management may review and consider to treat the amount as Shareholders' Fund and transfer the same to Capital Reserve. Such Reserve, if created, cannot be considered for the purpose of declaration of dividend but can be capitalized by issue of Bonus Shares.

This year, the management has further consulted with DHI regarding this, and DHI officials have confirmed that the amount was given as grant and not as capital injection. Therefore, the company agrees to consider the amount as 'other income' as suggested by the statutory auditor for financial year 2017.

Management's further update:

As the management's response above was endorsed by the audit exit meeting on 29th January 2018, the said amount has been treated as 'other income' in the financial year 2017.

Auditors' further comments:

The issue stands resolved.

2. Auditors' Observation:

The Bank Reconciliation is not matched of the Income year 2017 by amount of Nu. 3,850.

Management's response:

The management has been able to trace that a Bank of Bhutan cheque bearing No. 366215 received from NANO (a tenant in the incubation centre) on 13th December 2016 was not credited into our account although the same amount of Nu. 3,850 was debited from NANO's bank account on 13th December 2016. We have reported the problem to the bank and the issue is being checked from their end. The bank statements of TTPL and NANO are attached as a proof of the same. Therefore, kindly consider this issue as resolved.



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Auditors' further comments:

It has been decided in the Audit Exit Meeting that the Company shall produce the Certificate from bank confirming the transaction.

Management's further response:

As communicated by email dated 1st February 2018 copied to all the attendees of the audit exit meeting, the cheque had been deposited into the account of Mr Ram Bdr. Gurung by mistake although the payee was clearly mentioned as Thimphu TechPark Ltd in the cheque bearing No. 366215 dated 13th December 2016. This has happened due to an oversight on the part of the concerned staff of the bank. Mr. Ram Bdr. Gurung was then requested to refund the amount, and the same amount has been obtained from him and deposited into the account of the company on 31st January 2018. A scanned copy of the cheque dated 13th December 2016, the deposit slip showing deposit made into Ram Bdr. Gurung's account on 13th December 2016, the email dated 30th January 2018 from the Mr. Bikash Chhetri of the Bank of Bhutan acknowledging the mistake, and our account statement showing the amount recovered and deposited into our account on 31st January 2018 were submitted as proofs.

Based on this, the auditors are requested to consider this issue as resolved.

Auditors' further comments:

On the basis of information and explanations provided to us by the management and as per confirmation email issued by bank as provided to us, the matter may be considered as resolved.

3. Auditors' Observation:

Alteration of Articles cum Issue of Shares

In the year under audit, there has been an increase in Share Capital to the tune of Nu 34.52 Million which is not in consonance with Clause 10.1 read with Clause 15.1 of the Articles of Incorporation of the Company.



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Management's response:

The amount of Nu. 34.52 Million was received from DHI on 5th December 2017 for the construction of the new IT Park building. In line with the existing practice among 100% DHI owned companies, the company's plan is to ratify and formalize the equity injection and share allotment during the upcoming Annual General Meeting of the company. Therefore, we could not hold an extraordinary general meeting to pass a resolution for the new equity injection.

We will review this further with the Board and the shareholders as soon as possible and take actions to ensure that this issue is resolved on or before the upcoming Annual General Meeting of the company.

Auditors' further comments:

It was decided in the Audit Exit Meeting that the company would consult with the Registrar of companies and update the auditors on the course of action to be taken by the company for compliance.

Management's further response:

As communicated by email on 29th January 2018 copied to all the attendees of audit exit meeting, the CEO of TTPL met the Registrar of Companies at 3.30 pm on the same day the audit exit meeting was held and discussed this observation. The registrar suggested that the company hold an EGM as soon as possible to pass the resolutions to ratify and approve the share allotment to DHI and also amend the relevant articles of the Articles of Incorporation (AOI).

Accordingly, the company will hold its EGM on 9th February 2018 for this purpose. After the EGM, the company should submit the minutes of the EGM and the amended AOI to the registrar. The registrar has assured us that this issue would be resolved with this.

Auditors' further comments:

As per information and explanations provided to us by the management, the matter has been verbally discussed with the Registrar of Companies (ROC) and based upon the recommendations as well as assurance of the Registrar the matter is being addressed by the management. We consider the steps being taken by the management based on the verbal



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recommendations by the ROC. Upon execution of the recommendations and assurance by the management and subsequent ratification by ROC, the matter may be considered as resolved.

4. Auditors' Observation:

Alteration of Articles

Sec 416(24) of the The Companies Act of Bhutan, 2016 defines independent director as

"Independent Director means a director other than a director defined as not independent by section 135"

Sec 134 of the The Companies Act of Bhutan, 2016 defines states the requirement of independent director as –

"In a Board of Public Company atleast one-third of the directors shall be independent to protect the interest and investments of all the shareholders and particularly the minority shareholders"

Sec 416(16) of the The Companies Act of Bhutan, 2016 defines director as –

"Director means any person occupying the position of a director by whatever name called"

It has been observed that there are four (4) directors on the Board of the company and as explained and informed to us one of them is also an independent director.

Since, there are 4 directors (including independent director as per definition of sec 416(16), there should be **atleast** 1/3rd independent directors which is a minimum of 2 directors and not 1 presently on the board of the company.

The matter should be clarified with the Registrar of Companies and clarification should be produced before us.

Management's response:

The management will consult the registrar of companies on the issue and seek clarity.

